

**Wally  
Herger**  
Congressman

**2nd District - California**



FOR IMMEDIATE RELEASE  
DECEMBER 7, 2005

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## **Herger Lauds House Passage of Legislation to Prevent AMT Increase on the Middle Class**

(WASHINGTON, D.C.) - Congressman Wally Herger (CA-02) today voted in favor of H.R. 4096, the "Stealth Tax Relief Act of 2005," which the House passed by a bipartisan vote of 414 to 4. Herger is an original cosponsor of the measure, which extends previously enacted relief from the alternative minimum tax (AMT) for middle-class taxpayers. Unless Congress extends AMT relief, millions of additional middle-income taxpayers will fall prey to this unfair tax.

"The alternative minimum tax is an incredibly unjust tax, and, unless this measure becomes law, it will increasingly stampede on middle-class taxpayers," Herger said. "Although the AMT was designed to prevent a small number of taxpayers from paying little or no income tax, it has begun to trap middle-class Americans."

This year, the AMT affects 3.8 million taxpayers, and if AMT relief is not extended for 2006, the number of affected taxpayers will skyrocket to 20.5 million. Those additional 16.7 million taxpayers would pay an average of \$2,736 more in taxes. More broadly, the Department of Treasury estimates that, by 2013, it will affect so many taxpayers that AMT repeal would be more expensive than repeal of the income tax.

"An AMT tax increase would be detrimental to millions of American taxpayers," continued Herger. "The Stealth Tax Relief Act will extend the AMT middle-class exemptions to 2006, which will ensure that this hidden trap does not snare millions of Americans."

"This common sense measure is a positive step toward recognizing the need for broader AMT reform, and I hope it quickly becomes law. I will also continue to work in support of full repeal of the AMT so that, in the future, this unjust tax does not affect everyday Americans," Herger concluded.

The following is Congressman Herger's prepared remarks on the House floor in support of the Stealth Tax Relief Act.

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"Mr. Speaker, without today's legislation, the number of Americans ensnared by the Alternative Minimum Tax is estimated to grow to an astounding 21 million in 2006.

The problem is so great that the Treasury Department estimates that by 2013, an AMT repeal would be more expensive than a repeal of the income tax.

In my own northern California congressional district, in one particular area, nearly 3,000 constituents face a significantly higher tax burden because of this onerous tax.

In February of 1986, a levee broke on the Yuba River causing a flood that submerged the community, resulting in millions of dollars in damages.

Now, after nearly 20 years of legal battles, a court has found the state liable and ordered it to pay damages to flood victims in the amount of \$428 million.

Unfortunately, because individual claimants have to add back attorney fees as AMT taxable income, the flood victims may end up paying some form of tax on 100% of their award, even though this is money they never saw.

This is double taxation, and it is unfair. The attorneys are already paid income tax on the amount they earned through representation.

Mr. Speaker, it is unfair that these flood victims - who have waited so long to be justly compensated - now should be subject to the AMT.

The AMT is sorely in need of fundamental reform. It's time once and for all to do away with this middle class tax trap. I urge my colleagues to vote for the Reynolds extension before us."

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